AGRICULTURE - SURPLUS COMMODITIES, SECTION 550

(12)

TELEGRAM

Foreign Service of the United States of America

INCOMING

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Classification

Control: USFOTO CIRC N-18
Recd: February 160730Z

FROM: SECSTATE

Date: February 160112Z/1954

Taipei USFOTO 795.

Formosa Sugar.

1. Formosa expects sugar crop about 800,000 tons largely to be marketed prior June 1954. Owing to absence consular representation Chinese Nationalist Government will appreciate your mission notifying FOA China Mission care American Embassy, Taipei, in case purchases sugar or molasses contemplated your country either with FOA funds or countries own exchange. Sales ex Formosa will negotiated by Chinese Government or appropriate Agency.

In view inflationary pressure likely occur Formosa if sugar remains unsold and burden of financing inventories, FOA considers any assistance this connection consistent with economic objective that area.

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FOA - Action ✓
McCullars
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Info: Edens

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☆ U. S. GOVERNMENT PRINTING OFFICE: 1953 - 242207

TELEGRAM

Foreign Service of the United States of America

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Control: USFOTO 247

Recd: February 10 1234Z

FROM: SECSTATE

Date: February 9, 1954

SENT ADDISABABA USFOTO 160 AMMAN USFOTO 390 ASMARA USFOTO 4 BAGHDAD USFOTO 330 BEIRUT USFOTO 313 CAIRO USFOTO 352 JIDDA USFOTO 247 KABUL USFOTO 164 KARACHI USFOTO 616 KATMANDU USFOTO 68 MONROVIA USFOTO 232 new delhi usfoto 689 TEHRAN USFOTO 853 TELAVIV USFOTO 352 TRIPOLI USFOTO 193 RFTD INFO DJAKARTA USFOTO 410

SUBJECT: Procurement of Agricultural Commodities.

1. In view of the Statutory Limitations regarding surplus Agricultural commodities (Section 112 of the retained provisions of the Economic cooperation Act and Section 550 of the Mutual Security Act) and the widespread concern regarding the procurement of Agricultural Commodities generally, the following procedure becomes effective immediately: (A) Except as provided in Para 1 (B) below, Country Directors will not procure, or authorize procurement of, any item in MSA Commodity Codes 010 through 236. Each proposed purchase of commodities in these codes must be submitted to FOA/W for review and approval either on Form TCA-1, TCA-3, TCA-4 or by cable including at least the following minimum data: (I) description of commodity, code, quantity, and estimated value. (II) requested geographic sources of supply. (III) requested authorized agency (specify whether procurement is desired through US Govt Agency, commercial channels, or other specific agency) (B) To permit maximum operation flexibility with regards to minor value transactions, Country Directors may procure, or authorize procurement of, commodities in codes 010 through 236 in an aggregate amount not to exceed $1,000 per country per Fiscal Year.

2. The foregoing procedure applies to future procurement of Agricultural commodities in the codes indicated, regardless of whether such procurement is undertaken under existing program regardless of whether US funds are deposited in joint accounts. In the case of procurement against joint funds deposits, country directors can assure compliance with foregoing by withholding approval proposed purchases agricultural commodities in these codes pending reference to FOA/W where required Paragraph 1 above.

3. Foregoing policy will be incorporated in near future in the 1100 series of the FOA Mutual.

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Foreign Service of the United States of America

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Control: USFOTO 239
Recd: Feb 0820Z/1954

FROM: SECSTATE

SENT BRUSSELS USFOTO 217 PARIS USFOTO 427 BONN USFOTO 582 THEHAGUE USFOTO 209 OSLO USFOTO 162 LONDON USFOTO 355 MADRID USFOTO 136 ROME USFOTO 625 TOKYO USFOTO 48 TAIPEI USFOTO 747 SAIGON USFOTO 729 TELAVIV USFOTO 347 TEHRAN USFOTO 844 NEW DELHI USFOTO 680 KARACHI USFOTO 607 DAMASCUS USFOTO 12 BEIRUT USFOTO 306 JIDDA USFOTO 239 CAIRO USFOTO 342 AMMAN USFOTO 372

Subject: Changed Availabilities under Section 550. Purpose this message to transmit changed surplus availabilities under Sec 550.

1. Lard remains on surplus list but heavy purchases and continued low production will restrict further procurement and may prevent any large scale SCE 550 authorization. In event interest, request special report on surplus status.

2. January 25 all varieties dry edible beans and peas, potatoes and onions were added to surplus list. Prices on request.

3. February 4 dried apricots were added.

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TELEGRAM RECEIVED

From: SECSTATE

Date:

No: JANUARY 14/150559Z/1954

Code: UNCLASSIFIED

Received: USFOTO 201

JANUARY 15/1418Z

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SENT BRUSSELS USFOTO 199 PARIS USFOTO 378 BONN USFOTO 514 THEHAGUE USFOTO 186 OSLO USFOTO 142 LONDON USFOTO 307 MADRID USFOTO 110 ROME USFOTO 543 TOKYO USFOTO 38 TAPEI USFOTO 628 SAIGON USFOTO 628 TELAVIV USFOTO 295 TEHRAN USFOTO 718 NEW DELHI USFOTO 359 KARACHI USFOTO 548 DAMASCUS USFOTO 9 BEIRUT USFOTO 254 JIDDA USFOTO 201 CAIRO USFOTO 305 AMMAN USFOTO 319

Subject: US Market Prices and Availabilities under Section 550.

Purpose this message to revise listing of items available under Section 550 and bring prices up to date.

Commodities currently available under Section 550 are: cotton, cotton liners, tobacco, wheat and wheat products, except durum and durum products, corn, and other feed grains and corn products, large lima beans, red kidney beans, pea beans, hay and pasture seeds, winter cover crop seeds, beef and beef products, mutton, oils and oilseeds, ex soybeans, dairy; butter, cheddar cheese, nonfat dry milk, dry whole milk, evaporated milk, condensed milk, fruit: dried prunes, raisins, grapefruit and grapefruit products, oranges and orange products, apples, winter pears, canned peached, canned fruit cocktail, canned apricots.

Section 32 subsidies applicable to pears, oranges, grapefruit, and raisins are now available to exporters under Section 550.

Questioned availability of shelled peanuts only 15,000 short tons for March April delivery. Price 9.31 cents per pound FAS.

Following US market prices converted to FOB or FAS equivalents furnished for comparative and informational purposes only. Under no circumstances can these prices be construed to justify or qualify any transactions under provisions Sec 550 or under price provisions of region.

COMMODITY	UNIT	QUALITY	TWMS	SHIPMENT	PRICE
Cotton	lbs	Middping In.	FAS Gulf	5 Jan	$36.75.
Raw Liners	M/2	Crude	FAS East Coast	5 Jan	295
Soybean(bulk)	M/T	Crude	FAS East Coast	5 Mar	291
Soybean oil (Bulk)	M/3	Crude	FAS East Coast	5 May	289
Calh Lard	M/T	Prime Steam	FAS " "	Immediate	415
Cotton Seed Oil (Bulk)	M/T	Bleachable Primesummer Yellow	FAS East Coast or FAS Gulf	5 Mar	335

Info cy to: Larson, Eden

COMMODITY	UNIT	QUALITY	TWMS	SHIPMENT	PRICE
Cottonseed oil (bulk)	M/T	Bleachable Prime summer yellow	FAS Gulf or East Coast from CCC DSOCT Stocks only	Good until further notice	$276
Butter	2M/T	Grade A 60 Lbs non-cubes	NY	Immediate	1543.50
Tallow, inedible	M/T	Fancy Bulk	NY	Immediate	175
Frozen beef	Pound	Commercial	FAS Atlantic	Immediate	30.33 cents
Frozen beef	Pound	Unkity	FAS Atlantic	Immediate	27.29 cents
Dry skim milk	Four	Bulk	FAS Atlantic ports	Immediate	17-18 cents
Evaporated milk	Pound	Commercial	FAS Atlantic Ports	Immediate	12.5. 14 cents
Cheddar cheese	Pound	Commercial	FAS Atlantic Ports	Immediate	40-42 cents
Wheat	M/T	#2 hard winter	FOB, GUP	Immediate	74.77 (Market price less export allowance) see CA 2780)
Corn	M/T	#2 Yellow	FOB Atlantic Ports	Immediate	$69.09 ($69.09 FOB New Orleans)
Dried prunes	4	SantaClara 60/70	FOB San Jose Calif	Immediate	17 cents
Raisins	lbs	Natural Thomson seed-less	FAS San Francisco Bay	Immediate	8.6 cents

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RECORD OF ACTION

FOREIGN OPERATIONS ADMINISTRATION
EXECUTIVE SECRETARIAT

Mr. Comer
Mr. Hazleton

CONFIDENTIAL

CORRECTION
GS/RA-38

GENERAL STAFF MEETING
January 8, 1954

DELETE - Paragraph (d), page 1.

REPLACE WITH:

"(d) Surplus Agricultural Commodities. A new $300 million program appears under the Chapter of the Budget entitled "International Affairs and Finance." Mr. Ohly said this is a three-year program which anticipates the disposal, for use abroad, of some $300 million worth of agricultural surplus commodities over and above agricultural surplus commodities which might normally be contained in our regular bilateral programs. One of the issues is whether the costs of processing and transporting these commodities in this special program will have to be absorbed within the budget figure for bilateral economic and technical assistance program. Since the estimated cost of moving that $300 million in surplus agricultural commodities is between $60 and $90 million and our total amount of bilateral economic and technical assistance programs is only $850-875 million, there will have to be a large amount of reprogramming of major programs if these costs have to be absorbed in the latter figure."

Distribution: General Staff

EXSEC:HN
1/14/54

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Cm JPB

TELEGRAM RECEIVED

FROM: SECSTATE WASHINGTON

Date: 120621Z December 11, 1953

No: USFOTO 166

CODE: UNCLASSIFIED

Received: December 13, 1953 11:30 AM

Sent Damascus USFOTO 6 Beirut USFOTO 215 Jidda USFOTO 166 Cairo USFOTO 257 Amman USFOTO 264 from Department

Subject: Section 550 following US market prices converted to FOB or FAS equivalents furnished for comparative and information purposes only. Under no circumstances can these prices be construed to justify or qualify any transactions under provisions Section 550 or under price provisions of region.

Commodity	Unit	Quality	Terms	Shipment	Price
Rawlinter	M/T	Chemical	FAS Gulf	January	$100
Cotton	Pound	Middling	FAS Gulf	January	36.50
Soybean Oil (Bulk)	M/T-	Crude	FAS East Coast	Dec	303
Soybean Oil (Bulk)	M/T	Crude	FAS East Coast	Jan-Mar	295
Soybean Oil (Bulk)	M/T	Crude	FAS East Coast	Immediate	306
Cash lard	M/T	Prime Steam	FAS East Coast	Immediate	397
Cottenseed Oil	M/T	Bleachable Prime Summer Yellow	FAS Gulf or East Coast	December	360
Cottenseed Oil (bulk)	M/T	Bleachable Prime Summer Yellow	FAS Gulf or East Coast	March	354
Cottonseed Oil (bulk)	M/T	Bleachable Prime Summer Yellow	FAS Gulf or East Coast From CCC Stock	Good until further notice	276
Butter	M/T	Grade A 60 lb nom cubes	NY	Immediate	1543.50
Tallow, inedible	M/T	Fancy (bulk)	NY	Immediate	160.
Frozen beef	Pound	Commercial	FAS Atlantic Ports	Immediate	28/32¢
Frozen beef	Pound	Utility	FAS Atlantic Ports	Immediate	22/24¢
Dry skim milk	Pound	(bulk)	FAS Atlantic Ports	Immediate	17/18¢
Evaporated Milk	Pound	Commercial	FAS Atlantic Ports	Immediate	12.5/14¢
Cheddar Cheese	Pound	Commercial	FAS Atlantic Ports	Immediate	40/42¢
Wheat	M/T	No 2 Hard Winter	FOB, Galveston	Immediate	73.75

UNCLASSIFIED

Commodity	Unit	Quality	Terms	Shipment	Price
Corn	M/T	No 2 Yellow	FOB Atlantic Ports	Immediate	69.83
Corn	M/T	No. 2 Yellow	FOB Atlantic Ports	Immediate	69.83 FOB New Orleans
Dried Prunes	Pound	Santa Clara 60/70	FOB San Jose, California	Immediate	16½¢
Raisins	Pound	Natural Thomson seedless	FAS San Francisco	Immediate	8.6¢

Apples, Pears
fresh form,
Oranges, fresh and products including canned and juices; dried prunes raisins; canned peaches, apricots and mixed fruit. Coctail, exclusively, are fruits considered available Section 550. Section 32 subsidies applicable pears, oranges, grapefruit and raisins not available to exporter under Section 550 by present USDA ruling. Estimated availability shelled peanuts only 15,000 tons for export January February plus10,000 tons March April. Price 9½c pound FAS through December subject prior sale.

RAND

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Distribution:

1-FOA - Action
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FOREIGN OPERATIONS ADMINISTRATION
Washington 25, D.C.

UNITED STATES OF AMERICA

DEC 9 1953

Air Mail

Honorable Harland J. Corson
Director, USOM to Saudi Arabia
c/o American Embassy
Jidda, Saudi Arabia

Dear Mr. Corson:

For your information only, pending completion of arrangements for the setting up of an economic aid program in Saudi Arabia, there is enclosed a mimeographed copy of FOA Form 202-SC for use by the Government of Saudi Arabia in applying for surplus agricultural commodity procurement authorizations under Section 550 of the Mutual Security Act of 1951, as amended.

Printed copies of this form will be available shortly. In the meantime, you are authorized to reproduce needed quantities of this form until printed copies are available.

Additional information regarding this legislation, specific surplus commodities eligible and applicable sales prices will be forwarded to you by cable and airgram. See also USFOTO Circular N A-01 of October 16, 1953, in regard to the general nature of this program.

Sincerely yours,

E. D. White
Acting Director
Office of Food and Agriculture

Attachments

agricultural commodities from U.S.	2. Date Filed
SURPLUS COMMODITY PROCUREMENT AUTHORIZATION APPLICATION Foreign Operations Administration Washington, D. C., U.S.A.	3. Submission Number 4. Previous Submission Number (for amended requests, which should completely supersede previous request)

5. Commodity Code (three-digit only as listed in MSA Commodity Code Book, dated July 1, 1952)	6. Value - thousands of dollars (include cost of inland transportation, handling, & miscellaneous charges in U.S. If on C&F basis, include cost of ocean freight)	7. Quantity - thousands of metric tons

8. Certification

This application is made for FOA assistance in the procurement of the surplus agricultural commodities indicated herein, under the terms and conditions specified in Section 550 of the MSAct of 1951, as amended. The surplus agricultural commodities requested herein, in the quantity and dollar value stated, will be utilized for one or more of the following purposes:

Check appropriate item(s).

☐ A. Increasing domestic consumption, including consumption of items manufactured, during 1953/54 over that of recent years.

☐ B. Increasing stocks during 1953/54.

☐ C. Maintaining domestic consumption, including consumption of items manufactured, and stocks during 1953/54 because of reduced domestic production or smaller imports from usual source(s) due to lack of necessary currency or for other reasons.

☐ D. Other (explain).

The Government of _____ undertakes the following:

1. That procurement and utilization of the commodities which may be obtained pursuant to this application will not cause displacement or substitution of usual marketings of the United States or other friendly countries, and

2. That commodities obtained pursuant to this application will not be re-sold or transshipped to other countries or used for other than domestic consumption without specific prior approval by FOA.

Authorized Signature for requesting country	Title	Date

Information Required for Surplus Commodity Request

Data outlined in pages are required for FOA
Evaluation of Applications for Procurement Authorizations
for Surplus Agricultural Commodities from the
United States under Section 550 of the MSAct of 1951,
as amended.

Alternative Additional Submission

If after having computed the foregoing tables they
do not in your opinion adequately serve the purpose
intended, submit such additional data together with
the necessary explanation and justification for
choosing the alternative approach.

Surplus Agricultural Commodity Requested

000 Metric Tons		Name of Commodity	Comment
Product Weight (a)	Equivalent (b)	(c)	(d)

List commodity(s) requested included in 3-digit commodity codes used in FOA-202 SC Application. List product weight and if applicable, the product weight converted to usual equivalent units.

1. Estimated Supply and Requirements of _____
(Commodity)

2. Thousands of metric tons (in _____ equivalent, if applicable)

Year	Beginning Stocks	Production			Imports				Total Supply	Exports	Domestic Consumption or Manufacture	Ending Stocks
		Total	From Indigenous Material	From Imported Material	Total	U.S.	Own DOTs	Other Friendly Countries				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
3. Beginning _____												
4. Usual												
5. 1953/54												
6. 1952/53												
7. 1951/52												
8. 1948/49												
9.												
10.												

Instructions for Completing Estimated Supply and Requirements Table

1. Indicate the commodity group for which data are submitted. Data should be submitted on a 3-digit commodity code basis if commodities included therein are substitutable or may be displaced by the specific commodity requested. If not, data should be submitted on a 4-digit commodity code basis. If the commodity requested is substitutable for or may displace a specific commodity included in another 3-digit code, Supply and Requirements Data for this commodity must be submitted in addition, i.e., cotton seed oil, butter, etc.

2. Indicate the usual equivalent unit employed to express commodity data on a common quantitative basis.

3(a). Indicate the month beginning the year to which data on lines 4 through 10 apply. Data should be presented on the usual reporting year basis.

3(d) & (e). If data are submitted for a specific 4-digit code, indicate quantity produced from indigenous material (column d) and the quantity produced from imported raw, crude, or semi-processed materials (column e).

4. Indicate "usual" Supply and Requirements data. Specify the base period used and explain any adjustments made to these data, as well as the reasons why the data selected best reflect the usual supply and requirements position.

5-6-7-8. Indicate data for years specified.

9-10. Additional data for other years or average thereof may be supplied if desirable if such data would contribute to support of the Application

Information needed in connection with the Certification (Section 8, Boxes A, B, and C of the FOA 202-SC Application):

A. If Box 8A of the FOA 202-SC Application is checked, indicating a plan to increase domestic consumption or manufacture in 1953/54 over that of recent years, does this plan include greater production of manufactured items for export? If so, describe the scope and nature of the plan.

B. If Box 8B of the FOA 202-SC Application is checked, indicating a plan to increase stocks during 1953/54, is it the intention to (a) maintain stocks at the higher level, or (b) increase domestic consumption or manufacture commensurately during years in the immediate future, or (c) rebuild stocks which have been unduly depleted. Explain.

C. If Box 8C of the FOA 202-SC Application is checked, indicating a need for supplies in order to maintain domestic consumption or manufacture and stocks during 1953/54 because of reduced domestic production or smaller imports from usual source(s) due to lack of necessary currency or for other reasons, explain.

D. If Box 8D of the FOA 202-SC Application is checked, indicating a plan for utilization of the procurement requested for reasons other than those covered in A, B or C above, explain.

File
Copy - Dr. Ethridge (2)
Action

AIRGRAM

FOREIGN OPERATIONS ADMINISTRATION
~~MUTUAL SECURITY AGENCY~~

SECURITY CLASSIFICATION
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DATE SENT
DEC 4, 1953

DATE REC'D.

FROM -- FOA/W

SENT TO -- Amlegation Tripoli USFOTO A -33
Amembassy Damascus USFOTO A -16
Amembassy Beirut USFOTO A -70
Amembassy Jidda USFOTO A -34
Amembassy Cairo USFOTO A -67
Amembassy Amman USFOTO A -72
~~SUMMARY~~ -- Amembassy Tehran USFOTO A -147
Amembassy Tel Aviv USFOTO A -90
~~REFERENCE~~ -- Amembassy Karachi USFOTO A -136
Amembassy New Delhi USFOTO A -163

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OTHER AGENCY
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STATE

AMMAN-4
BEIRUT-6
CAIRO-3
DAMASCUS-3
JIDDA-3
KARACHI-5
N.DELHI-4
-TEHRAN-10
--TEL AVIV-5
-TRIPOLI-5

Subject: Section 550 Program

1. USDA recommends we no longer consider soybeans available under Section 550. Accordingly, FOA will not finance soybeans under Section 550 programs.

2. Peanuts continue available. However supply variable and limited. Unable provide basis for firm commitments continued availability of this item. Will inform you promptly of developments this connection.

3. Cottonseed oil remains available in substantial volume at the very attractive price of 12½ cents FAS. Urge this be given special consideration in all Section 550 operations.

STASSEN

AUTHORIZING OFFICER	DRAFTED BY	OFFICE	PHONE NO.	DATE
E. N. Helmgreen, Director	KMainland:ns	S/FA	2526	12/2/53

MSA AND OTHER CLEARANCES
MSMiddaugh, S/FA
SVanDyke

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MSA AND OTHER CLEARANCES

AIRGRAM

FOREIGN OPERATIONS ADMINISTRATION

MUTUAL SECURITY AGENCY

~~Secto Section~~ file

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DATE SENT 11//28//53//

DATE REC'D.

FROM — FOA/W

SENT TO — USOM to AMMAN USFOTO A-68
USOM to CAIRO USFOTO A-57
USOM to JIDDA USFOTO A-33
USOM to BEIRUT USFOTO A-64
USOM to DAMASCUS USFOTO A-5
~~USOM to ADEN USFOTO A~~
~~USOM to DHAHRAN USFOTO A~~
USOM to TEHRAN USFOTO A-136

Amlegation TRIPOLI USFOTO

SUBJECT —

REFERENCE — TECTO CIR A 29, pp. 11-14

Subject - Sec. 550, Mutual Security Act of 1951, as amended

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DMASCUS3
JIDDA-3
TERAN-10
TRIPOLI5

FOA-105P

OTHER AGENCY

AGRIC
CIA
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STATE

1. The purpose of this message is to furnish guidance to the Mission regarding policies and procedures for administering Sec. 550 of the MSAct of 1951, as amended, and Sec. 104 of the Appropriation Act, with specific reference to the country in which your Mission operates, to the extent that FOA aid funds have been or may be allocated to that country during this fiscal year. RefAirgram gave general background on this subject.

2. As explained in detail in RefAirgram, Sec. 104 of the Appropriation Act requires at least $100 million of FY 1954 aid funds other than Sec. 541 economic aid and defense support funds be used for purchase of surplus agricultural commodities to be sold to foreign countries for their local currencies. FOA has a minimum goal of $175 million for this purpose, which is mid-point in the range of $100- to $250 million contained in Sec. 550. To the extent that any of the FOA aid funds authorized by Secs.

AUTHORIZING OFFICER	DRAFTED BY	OFFICE	PHONE NO.	DATE
D. A. FitzGerald, DD/O	LFEbb/cf	M/OC	2801	11-24-53

MSA AND OTHER CLEARANCES

SECURITY CLASSIFICATION

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MSA AND OTHER CLEARANCES

EDWhite - cleared in draft
JStewart- " " "
JEvans - " " "
CSeager - " " "
PTaggert- cleared in draft

EFelder

STATE - MGay - cld in substance
-FLincoln- " " "

203 and 206 for the Near East and Africa and by Secs. 302(a) and (b) for South Asia can be utilized for the purchase of surplus agricultural commodities under Sec. 550, this will of course greatly facilitate our ability to meet this goal.

3. In the case of each addressee or III/Title II/country receiving FOA aid, funds for the purchase of agricultural commodities under Sec. 550 would come from the funds allocated to that country for its FOA aid, and would be part of that regular allotment rather than additional to it. All of the local currency obtained by the U. S. Govt from the sale of agricultural surpluses under Sec. 550 to that country would be made available by the U. S. Government to cover approved items of expenditure for the economic and technical assistance programs being carried out in that country. There would of course be strong U. S. domestic political advantages in channeling as substantial an amount of funds through the Sec. 550 mechanism as is feasible under the rather restrictive criteria of that section.

4. With respect to commodities obtained pursuant to Sec. 550, the Government of the country concerned will pay for such commodities by depositing to the account of the U. S. Government, upon notification of FOA payments, an amount of local currency equivalent to the dollar sales price of the commodities thus furnished. The formula for computing this sales price is explained below in para. 9.

5. The following commodities are considered to be "surplus agricultural commodities" within the meaning of Sec. 550, but it should be noted that this list is subject to change from time to time: beef and mutton; cotton and cotton linters; corn and other feed grains; dairy products; dried large lima beans; fats and oils and oilseeds (soya beans probably not included); fruit; honey; hay and pasture seeds; tobacco; wheat and wheat products; winter cover crop seeds.

6. Using this commodity list as a basis, each country that has received an allocation of FOA aid funds should be asked to submit suggested programs as soon as possible for the use of the Sec. 550 funds. To satisfy the provisions of Sec. 550, the commodities included within each country submission must appear on the eligible list cited above, and use of Sec. 550 funds to finance transfers of such commodities must be made only in circumstances that assure such transfers will not result in substitution for, or displacement of, usual imports from the U. S. or other friendly countries. The foreign government should submit its suggested Sec. 550 program on Form 202 which has been modified in several respects to allow presentation of factors needed to make a final judgment on Sec. 550 commodity submissions. Among other things, the country submission on Form 202 must include statistical and other data necessary to enable the U. S. Government to satisfy itself that the proper precautions have been taken to safeguard against the substitution for, or displacement of, usual marketings by the U. S. or friendly countries.

7. Upon receipt of Sec. 550 submissions by the foreign government on a modified Form 202, FOA/W will review the submissions with appropriate consultation with other interested U. S. Govt agencies, and, through the State Dept., with potentially interested third governments concerned re normal marketings, where necessary, to assure that the furnishing of each commodity in the amount requested would be consistent with the provisions of Sec. 550.

8. Upon approval of any specific commodity request, FOA/W will issue a P.A. in a special series which will state that the commodity furnished to the foreign government under this P.A. is provided pursuant to Sec. 550 of the MSAct of 1951,

as amended; is issued on the basis of the information contained in the program submission and such representations as are contained therein, and is subject to specified terms and conditions, which will include among other things an understanding by the foreign government to purchase the commodity at a price to be paid in local currency deposited to the account of the U. S. Govt in an amount equivalent to the dollar sales price; agreement that the full amount of the local currency thus deposited may be used in that country for approved expenditures in the economic and technical assistance programs; agreement not to resell or transship the commodity to other countries without prior U. S. Government approval; and assurances in accordance with the justification shown in the program submission, Form 202, that the furnishing of this amount of the commodity will not displace or substitute for usual marketings in the foreign country by the U. S. or other friendly countries. It should also be noted that business under Sec. 550 P.A.'s is subject to the 50-50 shipping proviso to the same extent as imports under the usual P.A.'s.

9. For purposes of determining the local currency price to be paid by the foreign government for each commodity furnished under Sec. 550, it is proposed to accept the U. S. market price at the time of purchase, plus any freight and handling costs financed by FOA, as being an appropriate sales price within the terms of Sec. 550(b)(1) of the MSAct of 1951, as amended. The sales price would be quoted in dollars, but with the provision that payment shall be made to the U. S. Government in the form of local currency in an amount equivalent to the sales price, at the appropriate rate of exchange at the time of the U. S. dollar disbursement, for the particular commodity concerned.

10. Requests for individual commodities should be cabled to FOA/W promptly. A supply of the revised Form 202 SC is being airmailed to the Mission and should be used to furnish detailed data described in para. 6 above.

11. We realize that in many of the countries to which this message is addressed one major function of the FOA assistance being furnished, or that may be furnished, is to "generate" local currency funds required for economic or technical assistance programs in that country. To the extent that such local currency financing can be derived through Sec. 550 transactions, we will have succeeded in obtaining the local currency in a manner expressly preferred by the Congress; and this will necessarily be to the advantage of the recipient government concerned as well as to FOA.

STASSEN